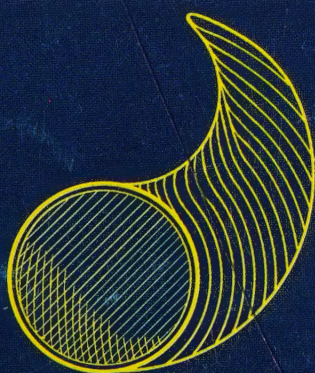
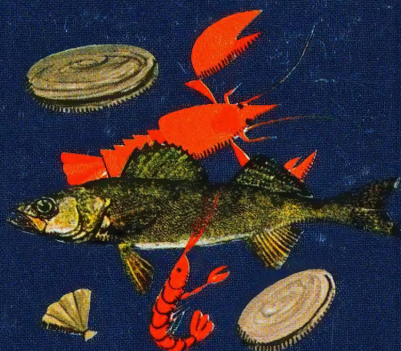
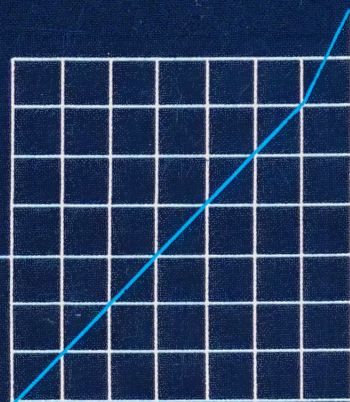


AR08

# annual report

FOR THE FISCAL YEAR ENDED MARCH 31st, 1969



**Codville Distributors Ltd.**  
and subsidiary companies

SERVING CANADA'S MID-WEST



# CONTENTS

|  | Page   |
|--|--------|
| Highlights of the Year.....                                    | 1      |
| President's Report:  |        |
| General, Sales, Income Before Taxes.....                       | 2      |
| Income Taxes, Net Income.....                                  | 3      |
| Dividends, Cash Flow, Working Capital, Financial Position..... | 4      |
| Expansion.....   | 5      |
| Future, Recognition.....                                       | 6      |
| Consolidated Statement of Income.....                          | 7      |
| Consolidated Statement of Retained Earnings.....               | 7      |
| Consolidated Statement of Source and Application of Funds..... | 8      |
| Balance Sheet.....   | 9, 10  |
| Notes to Consolidated Financial Statements.....                | 11, 12 |
| Auditors' Report.....  | 12     |
| Eight Years in Review.....                                     | 13     |
| Distribution Centres.....                                      | 14     |
| Marketing Area.....  | 15     |
| Directors, Executive Officers, Corporate Management.....       | 16     |
| Salient Data.....  | 17     |

## HIGHLIGHTS OF THE YEAR

|   | Year Ended         |                    | % Increase |
|---|--------------------|--------------------|------------|
|   | March 31st<br>1969 | March 31st<br>1968 |            |
| Sales.....  | \$41,299,266       | \$31,656,241       | 30         |
| Income—before taxes.....  | 523,888            | 480,337            | 9          |
| Income Taxes  |                    |                    |            |
| Current.....  | 225,869            | 216,534            | 4          |
| Deferred.....   | 40,551             | 17,056             | 138        |
|   | <hr/> 266,420      | <hr/> 233,590      | <hr/> 14   |
| Net Income.....   | 257,468            | 246,747            | 4          |
| Net Income per Class A Share.....   | 44¢                | 48¢                | (8)        |
| Shares Outstanding  |                    |                    |            |
| Class A.....  | 522,818            | 452,593            | 16         |
| Class B.....  | 92,930             | 93,055             | —          |
| Cash Flow.....  | 428,525            | 370,464            | 16         |
| Number of Shareholders.....   | 869                | 862                | 1          |
| Number of Employees.....  | 329                | 296                | 11         |
| Number of Stores—I.G.A.....   | 107                | 76                 | 41         |
| Much More.....  | 278                | 234                | 19         |
| Restating fiscal 1968 to include Company acquired in fiscal 1969 poolings of interests: |                    |                    |            |
| Net Sales.....  | \$41,299,266       | \$40,195,273       | 3          |
| Income—before taxes.....  | 523,888            | 510,152            | 3          |
| Income Taxes  |                    |                    |            |
| Current.....  | 225,869            | 224,077            | 1          |
| Deferred.....   | 40,551             | 17,056             | 138        |
|   | <hr/> 266,420      | <hr/> 241,133      | <hr/> 10   |
| Net Income.....   | 257,468            | 269,019            | (4)        |
| Net Income per Class A Share.....   | 44¢                | 47¢                | (6)        |
| Shares Outstanding  |                    |                    |            |
| Class A.....  | 522,818            | 510,593            | 2          |
| Class B.....  | 92,930             | 93,055             | —          |

NOTE—See Note (8) Eight Years in Review (page 13) for explanation.



# PRESIDENT'S REPORT

## TO THE SHAREHOLDERS:

The year ended March 31, 1969, highlighted by the acquisition of two Saskatchewan wholesale grocery companies, was one of progress for Codville Distributors Ltd. For the first time in history sales exceeded forty million dollars and income, prior to taxes, surpassed the half million dollar level. These records were established in the face of severe competition.

Price discounting has become widespread in the Company's marketing area. To combat this competition, gross profit margins have been reduced in many stores. At the same time costs of operation have tended to increase, particularly in salaries, interest rates, municipal and corporation taxes. Profits can only be maintained and increased by increasing sales in the various operating units and at the same time use every possible means to increase efficiency. The Company has made progress in this direction.

### SALES—Up 30%

Consolidated sales established a record, in both dollars and percentage increase. Sales improved by

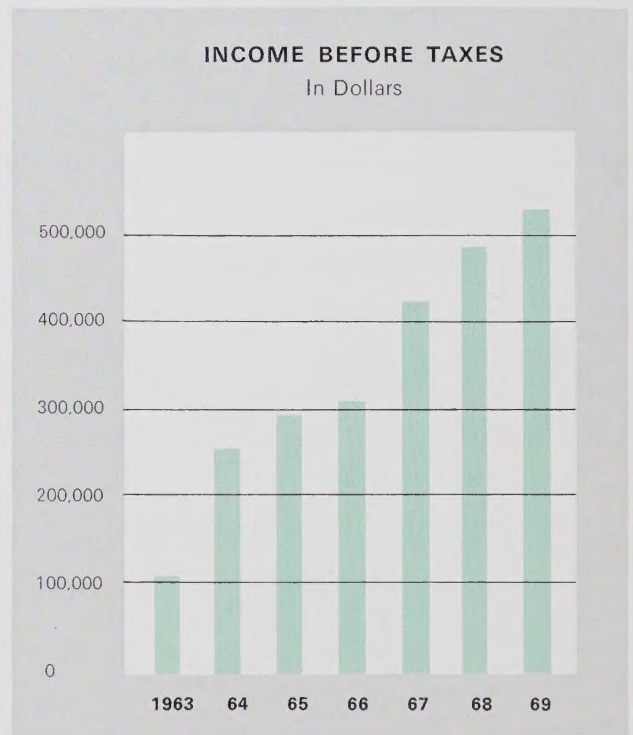
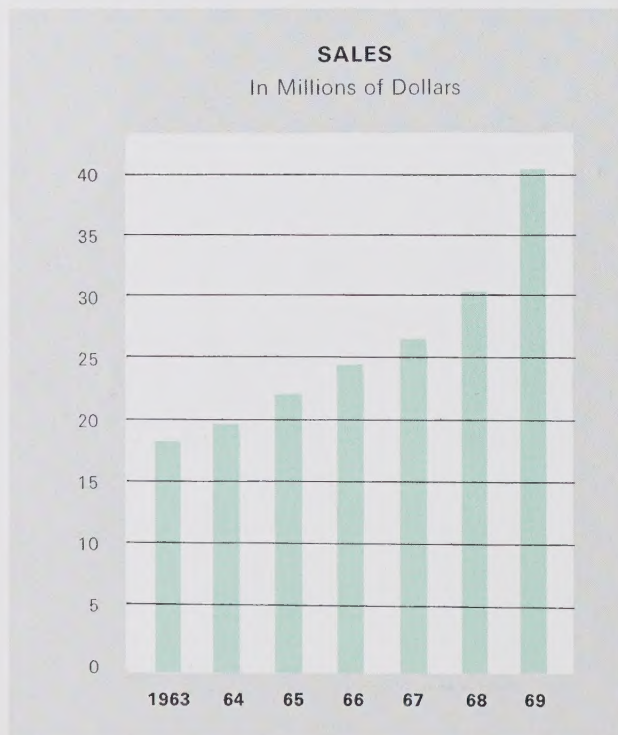
\$9,643,025 to \$41,299,266 from \$31,656,241 in 1968. When J. M. Sinclair Co. Ltd. sales for 1968 are included on a "pooling of interest" concept, combined sales last year, would have been \$40,195,273.

The 1969 market survey by "Canadian Grocer," states that food sales in Manitoba and Saskatchewan increased by 5.2% and 3.8% respectively. It is evident that the Company, by increasing sales 30%, through its acquisition and expansion program, has made further progress in capturing a larger share of retail food sales in its marketing area. This has been accomplished despite severe competition by corporate chain stores.

It is gratifying to note that in the past five year period, the Company's sales have increased by 117% to \$41,299,266 this year, from \$18,975,766 in the fiscal year March 31, 1964.

### INCOME BEFORE TAXES—Increases by 9%

For the eighth consecutive year the Company showed an increase in income, before taxes, to reach an all time high of \$523,888. The increase of



Charts have not been restated for "Pooling of Interests"

*of Winnipeg*

\$43,551 is 9% higher than last year when income, prior to taxes, was \$480,337.

When 1968 figures are restated to include J. M. Sinclair Co. Ltd., on a "pooling of interest" basis, income, prior to taxes, increased by \$13,736 or 3%.

Pre-tax income is 1.27% of sales compared with 1.52% the previous year. The decline is attributed to widespread price discounting, which has reduced margins at retail and non-recurring expenses in connection with the purchase of J. M. Sinclair Co. Ltd., Campbell, Wilson & Millar Co. Ltd. and consolidation of operations in Saskatchewan.

In the five year period from March 31, 1964, income before taxes, has increased by 113% to \$523,888 from \$246,446.

### INCOME TAXES—Rise 14%

Corporation taxes amount to \$266,420, an increase of \$32,830 over last year when taxes were \$233,590 (restated, see note 4, page 11). In 1969 the Company paid tax at the rate of 51% of taxable income, while last year tax was paid at the rate of 46%.

In the past five years income taxes have increased by 167% to \$266,420 in 1969 from \$99,609 in 1964.

### NET INCOME—Grows by 4%

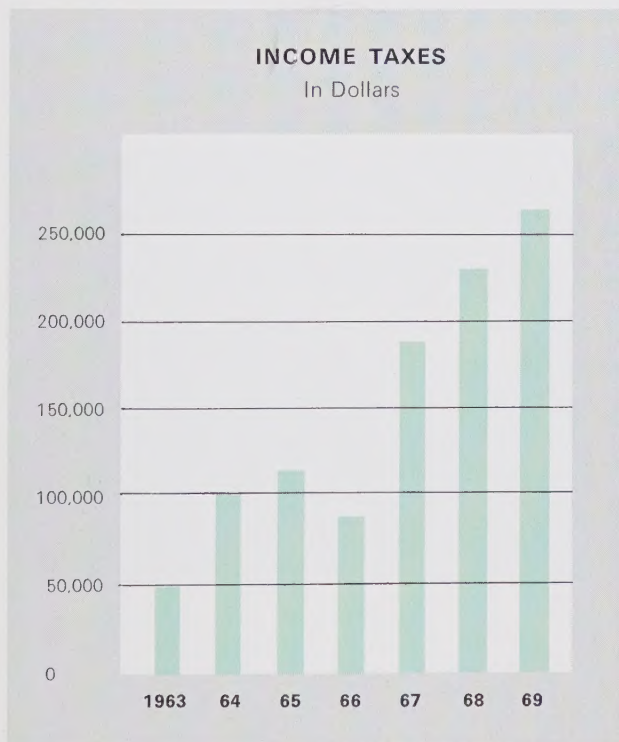
Net income increased by \$10,721 to \$257,468 from \$246,747 (restated, see note 4, page 11), the previous year. As a percentage of sales, net income is .62% compared with .78% in 1968. Net income per Class A Share is 44¢ on 522,818 Shares compared with 48¢ on 452,593 Class A Shares in 1968.

During the year the Company issued 58,000 Class A Shares in exchange for all of the Common Shares of J. M. Sinclair Co. Ltd., together with 12,100 Shares, under the executive stock option plan, for a total increase of issued Class A Shares of 70,100. At March 31, 1969, 522,818 Class A Shares and 92,930 Class B Shares were outstanding, compared with 452,593 Class A and 93,055 Class B in 1968.

In the five year period from March 31, 1964 to 1969 net income has increased from \$146,837 to \$257,468, a gain of \$110,631 or 75%.

When 1968 net income is restated to include J. M. Sinclair Co. Ltd., on a "pooling of interest" basis, it is \$269,019 compared with \$257,468 this year. The decrease, this year, is due to the increase in 1969 in deferred income taxes which are \$40,551 compared with \$17,056 in 1968.

Return on shareholders' equity is 12.4%, down from 13.3% in 1968. Shareholders' equity increased





by \$257,759 to \$2,339,417 from \$2,081,658 (re-stated, see note 4, page 11), the previous year, and is \$3.81 per share compared with \$3.97 in 1968. The decrease in net worth per share is due to the issue of 58,000 Class A Shares in acquiring J. M. Sinclair Co. Ltd.

## DIVIDENDS

On May 9, 1969, your Directors declared a Dividend of 18¢ per Class A Share payable at the rate of 9¢ on May 30, to Shareholders of record on May 22, 1969, and 9¢ on November 28, to Shareholders of record on November 13, 1969. A Dividend of 3¢ per Class B Share was declared to be paid on March 16, 1970 to Shareholders of record on March 2, 1970. Dividends were paid in the amount of 18¢ per Class A Share and 3¢ per Class B Share in the fiscal year 1969. Dividends totalled \$84,266 or 32% of net income and 20% of cash flow.

## CASH FLOW—Increases 16%

Cash flow amounted to \$428,525, an increase of \$58,061 over the previous year when cash flow was \$370,464. In each year cash flow amounts to 70¢ per combined Class A and B Shares. In 1969 total outstanding Shares are 615,748 compared with 545,648 in 1968.

## WORKING CAPITAL—Increases

Working capital is \$933,713, an increase of \$393,155 above the previous year, when working capital was \$540,558. Details of the changes which took place during the year are outlined in the consolidated statement of source and application of funds. This year the current working capital ratio is 1.34:1 whereas in 1968 it was 1.27:1.

Both current assets and current liabilities have increased substantially. The increase is due, in the most part, to the acquisition of J. M. Sinclair Co. Ltd. which has resulted in increased inventories and accounts receivable.

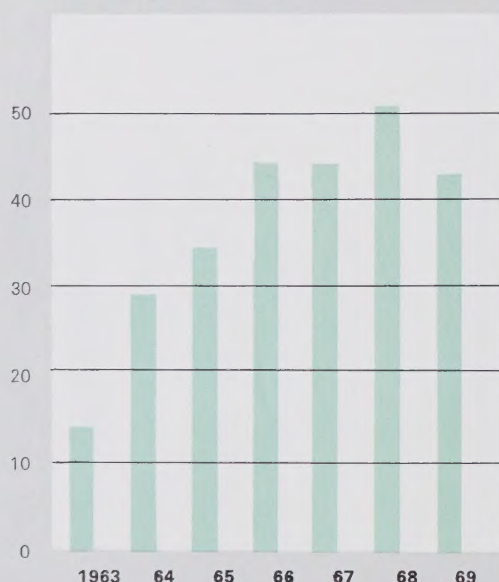
## FINANCIAL POSITION

The cost of fixed assets increased by \$184,081 to \$1,751,852 (depreciated value \$1,050,158) from \$1,567,771 (depreciated value \$958,044) in 1968.

Shareholders' equity, long term debt and deferred income taxes total \$2,730,068, while current liabilities amount to \$2,723,767.

The Company plans to finance its operations in the fiscal year ending March 31, 1970, by cash flow from operations, the sale of certain fixed assets, and bank loans. It is planned to convert a portion of the Company's bank loans to long term debt.

**NET INCOME PER CLASS A SHARE**  
In Cents



**CASH FLOW**  
In Dollars





## EXPANSION

As reported in our interim statements, in the spring of 1968, the Company converted its Prince Albert Warehouse to a Cash & Carry Depot which is designed to service convenient type stores, restaurants, and institutions in Northern Saskatchewan. At that time the I.G.A. and Much More stores were organized to be serviced from our new Distribution Centre in Saskatoon. In June of 1968 certain assets of Campbell, Wilson & Millar Ltd., a small Saskatoon based wholesale grocer, were purchased. The inventories of the Prince Albert warehouse and Campbell, Wilson & Millar were moved to our new Saskatoon Distribution Centre and sales were similarly integrated. Although there were non-recurring expenses in connection with this consolidation, we are now in a more competitive position to increase sales and profits of our dealers and our Company in Central and Northern Saskatchewan.

During the year, the Company opened 31 I.G.A., 44 Much More Stores and remodelled or expanded four stores. Two large supermarkets, each 18,000 square feet in area, located in shopping centers, were opened in October and December of 1968.

In February 1969 the J. M. Sinclair Co. Ltd. was acquired. This Company, based in Regina, is well established in Southern Saskatchewan. The Com-

pany was owned by 16 employee Shareholders who exchanged their shares for Class A Shares of Codville Distributors Ltd. J. M. Sinclair will continue to operate under the same management of Messrs. V. Findlay and D. Edmonds. The key employees have remained with the Company. For a number of years Sinclair has serviced 56 Clover Farm Stores, which were converted to I.G.A. Stores and Much More Stores.

As a result of this year's expansion Codville Distributors now services 107 I.G.A. Stores, 278 Much More Stores and a number of other customers from three modern Distribution Centres located in Winnipeg, Saskatoon, and Regina. In addition, the Company sells to convenient type stores, confectionaries, restaurants and institutions from five Cash & Carrys located in Winnipeg, Regina, Moose Jaw, Saskatoon and Prince Albert.

In October of 1968 the Company commenced construction of a new Distribution Centre, located in Winnipeg, which will service the Province of Manitoba. It is planned that Winnipeg operations will be moved in June of 1969. The former Winnipeg warehouse, built in 1956, has become too small for present sales. These new facilities will increase efficiency and enable us to continue to grow in the Manitoba market.



18,000 sq. ft. Supermarket, opened October 1968, to form part of large Shopping Centre in Yorkton, Saskatchewan.



New large supermarket opens in Winnipeg, December 1968.



## THE FUTURE

The expansion and consolidation of operations in Saskatchewan should result in a considerable improvement in earnings in this Division for the year ending March 31, 1970. It is expected this improvement will become more prevalent in the second half of the fiscal year, as the cost, of converting the stores from Clover Farm to I.G.A. and Much More, is absorbed, and certain existing duplications of operating costs and services are eliminated.

At the time of writing, it appears that price discounting will continue for some time. If such is the case, the low gross profits that have existed, during the past year, will continue and we expect only a moderate improvement in the retail division.

The Company will continue to pursue and investigate the possibility of further acquisitions or mergers as it is believed that this is one method by which we can continue to grow.

New retail locations are constantly being investigated and surveyed, for it is believed, as part of our expansion program, we must continue to expand the number of retail locations.

No doubt competition will be severe and the growth in total food store sales in our marketing

area will be moderate. However, we are confident that our employees, our dealers, in co-operation with suppliers and other associates can meet the challenge of improving both sales and profits.

## RECOGNITION

The year ending March 31, 1969 was a difficult one for the food retail and wholesale industry, but we believe it was one of considerable achievement and growth for the Company, when existing conditions are evaluated. We attribute the progress that has been made, to the dedication of our staff, the loyalty and support of our dealers and their customers; together with the co-operation and support we have received from suppliers and other associates. We are thankful for the efforts of all those responsible for our progress.

On behalf of the Board of Directors.

B. H. CODVILLE,  
President

Winnipeg, May 30, 1969



The people of Gimli, Manitoba, welcome new I.G.A. store, as retailer expands by moving to new premises.



Warehouse racks, in new Winnipeg Distribution Centre await arrival of merchandise. Company completes move to new facilities in June 1969.



# CONSOLIDATED STATEMENT OF INCOME

Year ended March 31, 1969

|  | 1969         | 1968 (note 1) |              |
|--|--------------|---------------|--------------|
|  |              | Restated      | Codville     |
| SALES.....                                 | \$41,299,266 | \$40,195,273  | \$31,656,241 |
| Income, before the undernoted items.....   | \$ 799,984   | \$ 741,060    | \$ 666,528   |
| Directors' and officers' remuneration..... | 64,377       | 44,769        | 44,769       |
| Depreciation.....                          | 130,506      | 128,346       | 106,662      |
| Interest, long-term debt.....              | 24,785       | 27,262        | 4,229        |
| Other interest.....                        | 56,428       | 30,531        | 30,531       |
|  | 276,096      | 230,908       | 186,191      |
| Income before taxes.....                   | 523,888      | 510,152       | 480,337      |
| Income taxes (note 4):                     |              |               |              |
| Current.....                               | 225,869      | 224,077       | 216,534      |
| Deferred.....                              | 40,551       | 17,056        | 17,056       |
|  | 266,420      | 241,133       | 233,590      |
| NET INCOME.....                            | \$ 257,468   | \$ 269,019    | \$ 246,747   |

# CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended March 31, 1969

|  | 1969       | 1968 (note 1) |            |
|--|------------|---------------|------------|
|  |            | Restated      | Codville   |
| RETAINED EARNINGS, BEGINNING OF YEAR   |            |               |            |
| As previously reported   |            |               |            |
| Codville Distributors Ltd.....   | —          | \$ 478,553    | \$ 478,553 |
| J. M. Sinclair Co. Ltd.....  | —          | 40,078        | —          |
|  |            | 518,631       | 478,553    |
| Adjustment for deferred income taxes (note 4).....                                 | —          | 70,825        | 70,825     |
| As restated.....   | \$ 638,064 | 447,806       | 407,728    |
| Dividends paid on preferred shares of J. M. Sinclair Co. Ltd., since redeemed..... | 3,746      | 1,406         | —          |
|  | 634,318    | 446,400       | 407,728    |
| Net income.....  | 257,468    | 269,019       | 246,747    |
|  | 891,786    | 715,419       | 654,475    |
| Deduct:  |            |               |            |
| Loss on sale of fixed assets, less deferred income tax effect of \$14,281.....     | 12,973     | —             | —          |
| Dividends paid on shares of Codville Distributors Ltd.                             |            |               |            |
| Class A shares.....  | 81,478     | 67,823        | 67,823     |
| Class B shares.....  | 2,788      | —             | —          |
| Sundry.....  | 31,238     | 9,532         | 9,532      |
|  | 128,477    | 77,355        | 77,355     |
| RETAINED EARNINGS, END OF YEAR.....  | \$ 763,309 | \$ 638,064    | \$ 577,120 |

# CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended March 31, 1969

|  | 1969      | 1968 (note 1) |           |
|--|-----------|---------------|-----------|
|  |           | Restated      | Codville  |
| SOURCE OF FUNDS:                                   |           |               |           |
| Operations:  |           |               |           |
| Net income.....                                    | \$257,468 | \$269,019     | \$246,747 |
| Add items not involving a current outlay of funds: |           |               |           |
| Depreciation.....                                  | 130,506   | 128,346       | 106,662   |
| Amortization of goodwill.....                      | —         | 3,479         | —         |
| Deferred taxes on income.....                      | 40,551    | 17,056        | 17,056    |
|  | 428,525   | 417,900       | 370,465   |
| Sale of fixed assets.....                          | 123,214   | 202,021       | 201,371   |
| Issue of capital stock.....                        | 71,470    | 46,781        | —         |
| Reduction of mortgages receivable.....             | 5,441     | 7,519         | 4,447     |
| Decrease in loans to dealers.....                  | 17,956    | —             | —         |
| Decrease in notes receivable.....                  | 22,684    | —             | —         |
| Redemption of shares of I.G.A. Canada Limited..... | —         | 13,350        | 13,350    |
|  | 669,290   | 687,571       | 589,633   |
| APPLICATION OF FUNDS:                              |           |               |           |
| Additions to fixed assets.....                     | 236,302   | 337,801       | 331,706   |
| Increase in loans to dealers.....                  | —         | 167,544       | 167,544   |
| Increase in mortgages receivable.....              | —         | 14,807        | —         |
| Increase in notes receivable.....                  | —         | 84,236        | 84,236    |
| Reduction of long-term debt.....                   | 208,325   | 67,061        | 17,061    |
| Dividends paid:                                    |           |               |           |
| Preferred shares of J. M. Sinclair Co. Ltd.....    | 3,746     | 1,406         | —         |
| Class A shares.....                                | 81,478    | 67,823        | 67,823    |
| Class B shares.....                                | 2,788     | —             | —         |
| Sundry.....  | 10,433    | 13,997        | 12,948    |
|  | 543,072   | 754,675       | 681,318   |
| INCREASE (DECREASE) IN WORKING CAPITAL.....        | 126,218   | (67,104)      | (91,685)  |
| WORKING CAPITAL, BEGINNING OF YEAR.....            | 807,495   | 874,599       | 632,243   |
| WORKING CAPITAL, END OF YEAR.....                  | \$933,713 | \$807,495     | \$540,558 |



# Codville Distributors Ltd.

and subsidiary companies

(Incorporated under the Laws of Canada)

## CONSOLIDATED BALANCE SHEET — MARCH 31, 1969

### ASSETS

|   | 1969               | 1968 (note 1)      |                    |
|---|--------------------|--------------------|--------------------|
|   |                    | Restated           | Codville           |
| <b>CURRENT ASSETS:</b>  |                    |                    |                    |
| Accounts receivable.....  | \$1,031,130        | \$ 914,370         | \$ 607,768         |
| Inventories, at lower of cost and market.....                         | 2,265,802          | 2,202,946          | 1,585,642          |
| Prepaid expenses.....   | 214,768            | 201,274            | 165,762            |
| Special refundable tax.....   | 7,880              | 12,790             | 12,790             |
| Current instalments on other assets.....                              | 137,900            | 147,815            | 147,815            |
|   | <u>3,657,480</u>   | <u>3,479,195</u>   | <u>2,519,777</u>   |
| <b>OTHER ASSETS:</b>  |                    |                    |                    |
| Loans to dealers, secured.....  | 644,052            | 667,244            | 667,244            |
| Mortgages receivable.....   | 56,326             | 61,517             | 35,946             |
| Notes receivable.....   | 85,307             | 112,920            | 112,920            |
|   | <u>785,685</u>     | <u>841,681</u>     | <u>816,110</u>     |
| Less current instalments.....   | 137,900            | 147,815            | 147,815            |
|   | <u>647,785</u>     | <u>693,866</u>     | <u>668,295</u>     |
| Investment in I.G.A. Canada Limited and other companies, at cost..... | 43,570             | 43,570             | 38,320             |
| Rental deposit.....   | 40,000             | 40,000             | 40,000             |
| Life insurance, cash surrender value.....                             | 14,840             | 11,295             | 9,145              |
|   | <u>746,195</u>     | <u>788,731</u>     | <u>755,760</u>     |
| <b>FIXED ASSETS (note 2):</b>   |                    |                    |                    |
| Land, buildings, equipment and leasehold improvements, at cost.....   | 1,751,852          | 1,770,723          | 1,567,771          |
| Less accumulated depreciation.....                                    | 701,694            | 675,893            | 609,727            |
|   | <u>1,050,158</u>   | <u>1,094,830</u>   | <u>958,044</u>     |
| <b>TRADE MARK AND GOODWILL, at nominal value.....</b>                 | <u>2</u>           | <u>24,352</u>      | <u>2</u>           |
|   | <u>\$5,453,835</u> | <u>\$5,387,108</u> | <u>\$4,233,583</u> |

### LIABILITIES

|  | 1969               | 1968 (note 1)      |                    |
|--|--------------------|--------------------|--------------------|
|  |                    | Restated           | Codville           |
| <b>CURRENT LIABILITIES:</b>  |                    |                    |                    |
| Outstanding cheques, net.....  | \$ 156,303         | \$ 310,695         | \$ 209,585         |
| Bank loan, secured.....  | 1,345,000          | 715,000            | 575,000            |
| Accounts payable and accrued liabilities.....  | 1,062,758          | 1,349,991          | 1,039,231          |
| Income and other taxes payable.....  | 143,554            | 159,436            | 138,743            |
| Preferred shares of J. M. Sinclair Co. Ltd. outstanding at March 31, 1968, since redeemed..... | —                  | 74,918             | —                  |
| Current instalments on long-term debt.....   | 16,152             | 61,660             | 16,660             |
|  | <u>2,723,767</u>   | <u>2,671,700</u>   | <u>1,979,219</u>   |
| <b>LONG-TERM DEBT (note 3).....</b>  | <u>276,500</u>     | <u>484,825</u>     | <u>84,825</u>      |
| <b>DEFERRED INCOME TAXES (note 4).....</b>   | <u>114,151</u>     | <u>87,881</u>      | <u>87,881</u>      |
|  | <u>3,114,418</u>   | <u>3,244,406</u>   | <u>2,151,925</u>   |
| <b>SHAREHOLDERS' EQUITY</b>  |                    |                    |                    |
| <b>CAPITAL STOCK (note 5):</b>   |                    |                    |                    |
| Authorized:  |                    |                    |                    |
| 850,000 Class A shares, no par value   |                    |                    |                    |
| 149,438 Class B shares, no par value   |                    |                    |                    |
| Issued:  |                    |                    |                    |
| 522,818 Class A shares.....  | 1,514,120          | 1,442,567          | 1,442,467          |
| 92,930 Class B shares.....   | 61,988             | 62,071             | 62,071             |
|  | <u>1,576,108</u>   | <u>1,504,638</u>   | <u>1,504,538</u>   |
| <b>RETAINED EARNINGS.....</b>  | <u>763,309</u>     | <u>638,064</u>     | <u>577,120</u>     |
|  | <u>2,339,417</u>   | <u>2,142,702</u>   | <u>2,081,658</u>   |
|  | <u>\$5,453,835</u> | <u>\$5,387,108</u> | <u>\$4,233,583</u> |

APPROVED BY THE BOARD

B. H. CODVILLE, Director

A. E. MARTIN, Director



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 1969

## 1. BASIS OF CONSOLIDATION :

### J. M. Sinclair Co. Ltd.

During the current year, Codville Distributors Ltd. acquired all outstanding common shares of J. M. Sinclair Co. Ltd. in exchange for 58,000 Class A shares of Codville. The accounts of J. M. Sinclair Co. Ltd. are included in the accompanying consolidated financial statements on the "pooling of interests" basis.

The consolidated balance sheet reflects the carry forward of the assets of Sinclair at book values shown in the Sinclair accounts. The consolidated statements of income, retained earnings and source and application of funds reflect the combined results of operations of the companies and source and application of their funds for the year ended March 31, 1969.

Comparative figures for the 1968 year represent the restated financial position of Codville and Sinclair at March 31, 1968 and the restated results of their operations and source and application of their funds for the year then ended.

### The Codville Company, Limited

The Codville Company, Limited is a wholly-owned subsidiary, the shares of which were acquired in a prior year by issue of shares of Codville Distributors Ltd. The accounts of The Codville Company, Limited are included in the accompanying consolidated financial statements on the "pooling of interests" basis.

## 2. FIXED ASSETS :

|                             | Cost               | Accumulated<br>Depreciation | Net                |
|-----------------------------|--------------------|-----------------------------|--------------------|
| Land.....                   | \$ 93,463          | —                           | \$ 93,463          |
| Equipment.....              | 1,459,467          | \$ 632,124                  | 827,343            |
| Leasehold improvements..... | 198,922            | 69,570                      | 129,352            |
|                             | <u>\$1,751,852</u> | <u>\$ 701,694</u>           | <u>\$1,050,158</u> |

## 3. LONG-TERM DEBT :

| Details of long-term debt are :  | Interest<br>Rate |                   |
|--|------------------|-------------------|
| Notes payable :  |                  |                   |
| On demand after November 30, 1970.....   | 5%               | \$ 35,000         |
| \$2,000 per annum until 1968 and \$8,500 per annum 1969 to 1973, inclusive.... | 3%               | 42,500            |
| \$1,500 per annum 1973 to 1977, inclusive.....                                 | 5%               | 7,500             |
|  |                  | <u>85,000</u>     |
| Debenture payable, J. M. Sinclair :  |                  |                   |
| \$50,000 per annum May 1970 to 1973, inclusive.....                            | 6½%              | 200,000           |
| Mortgage payable :   |                  |                   |
| \$8,160 per annum to February 1, 1970.....                                     | 6%               | 7,652             |
|  |                  | <u>292,652</u>    |
| Less current instalments.....  |                  | 16,152            |
|  |                  | <u>\$ 276,500</u> |

## 4. INCOME TAXES :

In prior years the companies have charged earnings with income taxes currently payable. In 1969 the companies have changed their basis of accounting for income taxes by also charging earnings with income taxes deferred by claiming capital cost allowances in excess of depreciation recorded in the accounts. The accumulated total of such income tax deferrals for prior years has been recorded by a transfer from "Retained earnings" to "Deferred income taxes." 1968 figures in the financial statements have been restated and are shown as though the change to the new basis of recording income taxes had been made at the beginning of 1968.



## 5. CAPITAL STOCK :

The rights attaching to each class of shares are :

Class A—one vote per share, annual preferential, non-cumulative dividends of 15¢ per share ; further dividends payable equally to class A and class B shareholders.

Class B—ten votes per share, convertible to an equal number of class A shares. During the year 125 shares were so converted. (437 shares in 1968.)

At March 31, 1969 172,338 class A shares were reserved for issue as follows :

149,438 for conversion of class B shares.

10,000 for the exercise of share purchase warrants which are outstanding at \$6.00 per share until May 31, 1970.

12,900 for the executive stock option plan.

Executive stock options, which are contingent on continuous employment to the option date may be granted to officers and executives for a period of five years. The option price may not be less than 90% of the market price on the date the options are granted. During the year executive stock options were exercised with respect to 12,100 class A shares.

During the year the company issued 58,000 class A shares in exchange for all of the issued common shares of J. M. Sinclair Co. Ltd.

## 6. LEASES :

The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under lease obligations for store locations and warehouse facilities amount to \$500,000.

It is expected that annual rental revenue of \$267,000 will be received from stores that have been sublet to dealers.

## 7. CONTINGENT LIABILITIES :

There are contingent liabilities of \$115,700.

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## AUDITORS' REPORT

To the Shareholders of  
Codville Distributors Ltd.

We have examined the consolidated balance sheet of Codville Distributors Ltd. and its subsidiary companies as at March 31, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving effect in that year to the change in accounting for income taxes as set out in note 4, with which we concur.

Winnipeg, Canada, May 1, 1969

THORNE, GUNN, HELLIWELL & CHRISTENSON  
Chartered Accountants



# Codville Distributors Ltd.

and subsidiary companies

## EIGHT YEARS IN REVIEW

|   | 1969         | 1968         | 1967         | 1966         | 1965         | 1964         | 1963         | 1962         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales.....                              | \$41,299,266 | \$31,656,241 | \$25,481,236 | \$23,977,288 | \$21,520,544 | \$18,975,766 | \$17,596,366 | \$17,665,947 |
| Depreciation.....                       | 130,506      | 106,662      | 96,904       | 102,120      | 86,897       | 72,804       | 62,949       | 63,743       |
| Income—before taxes.                    | 523,888      | 480,337      | 412,699      | 312,352      | 294,844      | 246,446      | 118,074      | (27,691)     |
| Income Taxes:                           |              |              |              |              |              |              |              |              |
| Current.....                            | 225,869      | 216,534      | 188,324      | 84,300       | 114,700      | 99,609       | 49,995       | (3,358)      |
| Deferred.....                           | 40,551       | 17,056       | —            | —            | —            | —            | —            | —            |
| Net Income.....                         | 257,468      | 246,747      | 224,375      | 228,052      | 180,144      | 146,837      | 68,079       | (24,333)     |
| Net Income as a<br>percentage of Sales. | .62          | .78          | .88          | .95          | .84          | .77          | .39          | (.14)        |
| Cash Flow.....                          | 428,525      | 370,464      | 321,279      | 281,988      | 267,400      | 219,641      | 131,028      | 39,410       |
| Working Capital.....                    | 933,713      | 540,558      | 619,665      | 581,284      | 1,038,462    | 400,250      | 558,441      | 573,926      |
| Current Ratio.....                      | 1.34:1       | 1.27:1       | 1.46:1       | 1.54:1       | 1.89:1       | 1.34:1       | 1.46:1       | 1.53:1       |

## EARNINGS DATA—(1966-1968 Restated For Poolings—Note 8)

|                      |              |              |              |              |
|----------------------|--------------|--------------|--------------|--------------|
| Sales.....           | \$41,299,266 | \$40,195,273 | \$33,384,089 | \$30,311,177 |
| Income—before taxes. | 523,888      | 510,152      | 438,075      | 342,356      |
| Income Taxes:        |              |              |              |              |
| Current.....         | 225,869      | 224,077      | 195,961      | 91,965       |
| Deferred.....        | 40,551       | 17,056       | —            | —            |
| Net Income.....      | 257,468      | 269,019      | 242,114      | 250,391      |

### NOTE:

(8) A Company, J. M. Sinclair Co. Ltd., has been acquired, on the "Pooling of interests" basis, in exchange for shares of capital stock of Codville Distributors Ltd. In accordance with an opinion of our auditors, the financial statements for the year ended March 31, 1968 included herein and the earnings data and condensed financial condition have been restated to include the applicable figures for the Company subsequently acquired in poolings of interests. Management believes that the true growth of Codville Distributors Ltd. is shown by a comparison of the actual figures for the current fiscal year and previous years. Accordingly, the financial statements and the eight years in review show the figures as previously reported as well as restated figures for the years 1966-1968 to reflect the pooling of interests accounting principle.



## DISTRIBUTION CENTRES



New Manitoba Distribution Centre



Regina Distribution Centre



Saskatoon Distribution Centre

# Map of Marketing Area

- Identifies number of I.G.A. stores in area.
- Cities of 10,000 and over are named.
- Identifies towns of less than 10,000.

SASKATCHEWAN

MANITOBA

ONTARIO

THOMPSON

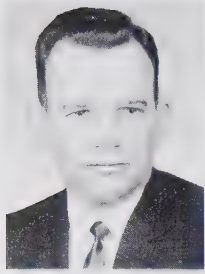
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## DIRECTORS, EXECUTIVE OFFICERS, CORPORATE MANAGEMENT

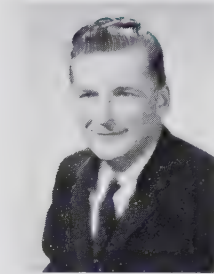
### Names and Addresses, Responsibilities and Affiliations



**\*BRUCE H. CODVILLE**  
161 Gillia Drive, Winnipeg 17, Manitoba  
President, Director since 1958.  
Employed by Company since 1949.  
Director, I G A Canada Limited  
Director, The Fidelity Trust Company  
Director, Canadian Grocery Distributors' Institute



**JOHN COTE**  
55 - 20th Street East, Prince Albert, Sask.  
Director; Retired Executive of  
The Codville Company Limited



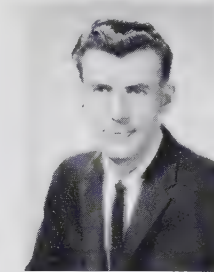
**ROBERT A. LOESCH**  
66 Sandham Crescent, Winnipeg 22, Manitoba  
Retail Operations Manager. Employed by the  
Company since 1963 with 21 years experience  
in the Retail Food Business



**\*ARTHUR E. MARTIN**  
93 Peony Avenue, Winnipeg 17, Manitoba  
Executive Vice-President; Treasurer; Director  
Employed by the Company since 1958 in  
an executive capacity



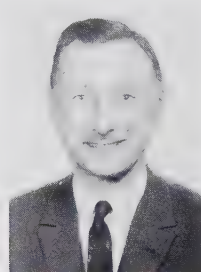
**THOMAS W. MEREDITH**  
Midland-Osler Securities Limited  
Toronto, Ontario  
Director; Investment Dealer  
Director, Midland-Osler Securities Ltd.



**MICHAEL BRUCKI**  
297 Rita Street, Winnipeg 12, Manitoba  
Comptroller  
Employed by the Company since 1959



**\*W. DOUGLAS CROWE**  
Midland-Osler Securities Ltd.  
Portage and Main, Winnipeg, Manitoba  
Director; Regional Manager, Manitoba and  
Saskatchewan, Midland-Osler Securities Ltd.



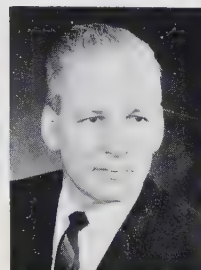
**\*J. F. REEH TAYLOR**  
Richardson & Company  
274 Garry Street, Winnipeg 1, Manitoba  
Secretary and Director; Barrister-at-law  
Partner, Richardson & Company



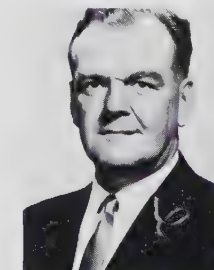
**STAN BREZDAN**  
29 Phillips Crescent, Saskatoon, Saskatchewan  
Saskatoon Branch Manager  
Employed by the Company since 1966 with many  
years experience in the retail food business



**DONALD H. KOYL**  
Koyl Agencies Limited  
123 Third Avenue North, Saskatoon, Sask.  
Director; President, Koyl Agencies Limited,  
Real Estate



**MAXWELL J. HATCH**  
191 Larchdale Cres., Winnipeg 15, Manitoba  
Vice-President, Wholesale Operations  
Employed by the Company for 19 years



**VIC FINDLAY**  
617 - 20th Avenue E., Regina, Saskatchewan  
Vice-President and General Manager  
J. M. Sinclair Co. Ltd.

**Codville Distributors Ltd.**  
and subsidiary companies

**Head Office**

140 Otter Street, Winnipeg 19, Manitoba

**DIRECTORS**

Bruce H. Codville

John Côté

W. Douglas Crowe

Donald H. Koyl

Arthur E. Martin

Thomas W. Meredith

J. F. Reeh Taylor

**OFFICERS**

B. H. Codville, President

A. E. Martin, Executive Vice-President and Treasurer

M. J. Hatch, Vice-President

J. F. R. Taylor, LL.B., Secretary

**REGISTRAR AND TRANSFER AGENT**

Canada Permanent Trust Company, Toronto, Winnipeg and Saskatoon

**AUDITORS**

Thorne, Gunn, Helliwell & Christenson

**BANKERS**

Royal Bank of Canada

Toronto-Dominion Bank

**LISTED ON**

Toronto Stock Exchange

Winnipeg Stock Exchange









Codville Distributors Ltd.

ANNUAL REPORT

1968-69